

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 INR-05 NSAE-00 RSC-01 FAA-00 PM-03 H-01 L-02

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 LAB-04 SIL-01

OPR-01 OMB-01 CIEP-01 TRSE-00 OCE-00 CCO-00 /070 W

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R 121343Z DEC 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 4900

C O N F I D E N T I A L TEL AVIV 7185

E.O.11652: GDS

TAGS: ELAB, ETRAN, IS

SUBJECT: EL AL LABOR PROBLEMS

1. ONE-DAY STRIKE BY EL AL PILOTS DECEMBER 9, CAUSING CANCELLATION OF FIVE FLIGHTS, HAS EVOKED DETERMINED STANDBY GOVERNMENT TO RESIST FURTHER STRIKE ACTION BY AIR CREWS.

2. ISSUES INVOLVED IN THE STRIKE, STAGED ON SHABBAT (SATURDAY), ARE COMPLEX. THEY REPORTEDLY INCLUDE PROTEST OVER CANCELLATION OF TAX-FREE VACATION FLIGHTS BY EL AL PERSONNEL AND, MORE IMPORTANT, DELAY IN LEGALIZING LONG-STANDING PRACTICE OF COMPUTING INCOME TAX ON FOREIGN CURRENT INCOME OF EL AL AIR CREWS AT ONE POUND ISRAELI FOR ONE POUND STERLING. PILOTS HAVE THREATENED FURTHER STRIKES ON SATURDAY, IF ISSUE IN DISPUTE ARE NOT RESOLVED.

3. AT TIME WHEN GOVERNMENT EMERGENCY ECONOMIC PROGRAM HAS IMPOSED HEAVY BURDENS ON ISRAELI PUBLIC, STRIKE ACTION BY PILOTS DREW HEAVY PRESS CRITICISM. WHILE OTHER ISRAELIS TRAVELLING ABROAD MUST PAY IL 750 INTERNATIONAL TRAVEL TAX PLUS 15 PERCENT OF PRICE OF TICKET, EL AL WORKERS NOW ARE ASKED TO PAY IL 200 (IN CONTRAST TO PREVIOUS TAX FREE PRIVILEGES). AIR CREWS, WITH UNUSUALLY HIGH INCOMES FOR ISRAEL, CONFIDENTIAL

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ENJOY UNIQUE INCOME TAX CONCESSION, AND HAVE FURTHER BENEFIT

FITTED AS RESULT OF DEVALUATION (AS ISRAELI POUND IS WORTH LESS AND INCOME TAX IS BASED ON ISRAELI POUND).

4. FOLLOWING DECEMBER 9 STRIKE, OVERNEMTN AND EL AL MANAGEMENT DECIDED TO GROUND EL FLIGHT IF PILOTS FULFILL THREAT OF FURTHER STRIKES. IN KNESSET DEBATE DECEMBER 11 CALLED BY OPPOSITION PARTIES, TRANSPORT MINISTER STRONGLY DENOUNCED ACTION OF PILOTS AND SAID IF EL AL IS FORCED TO CANCEL FLIGHTS BECAUSE OF LABOR DISPUTE, ALTERNATIVE MEANS WOULD BE FOUND TO SERVICE PASSENGERS AND CARGO. WE ARE INFORMED BY OFFICIAL SOURCE THAT GOI MAY LAUNCH PUBLIC INFORMATION CAMPAIGN AGAINST CLAIMS OF EL AL PILOTS AND OTHER PERSONNEL.

5. PUBLIC AND GOI REACTION ALSO AGGRAVATED BY DISCLOSURE THAT EL AL PILOTS REFUSED TO PERMIT ISRAELI AIR FORCE OFFICERS TO FLY AS OBSERVERS IN DOINGS. REQUEST, SUBMITTED TWO MONTHS AGO, REPORTEDLY WAS MADE TO PROVIDE TRAINING FOR AIR FORCE PILOTS ON IAF-OWNED BOEINGS. EL AL PILOTS REPORTEDLY FEARED THAT IAF PILOTS WOULD BE USED AS STRIKE-BREAKERS.

6. COMMENT: WHILE EL AL HAS HISTORY OF LABOR RELATIONS PROBLEMS, STRIKE OF PILOTS AT THIS TIME WAS FOUND TO EVOKE SHARP REACTION, GOI SEES FURTHER DISRUPTION OF EL AL SERVICE AS SIMPLY NO LONGER TOLERABLE, WHILE CONCESSIONS TO HIGHLY PAID EL AL PILOTS WOULD WEAKEN ENTIRE GOVERNMENT EFFORTS TO RESTRAIN WAGES AND IMPOSE MORE EQUITABLE TAX BURDEN ON HIGH INCOME GROUPS.
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